

**WRITTEN STATEMENT OF
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**BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

**U.S. MARITIME AND SHIPBUILDING INDUSTRIES: STRATEGIES TO IMPROVE
REGULATION, ECONOMIC OPPORTUNITIES, AND COMPETITIVENESS**

March 6, 2019

Introduction:

Good afternoon Chairman Maloney, Ranking Member Gibbs, and members of the Subcommittee. I am Rear Admiral Michael Alfultis, President of the State University of New York Maritime College.

Today I am representing the Consortium of State Maritime Academies (SMAs), which includes: California Maritime Academy in Vallejo, California; Great Lakes Maritime Academy in Traverse City, Michigan; Maine Maritime Academy in Castine, Maine; Massachusetts Maritime Academy in Buzzards Bay, Massachusetts; State University of New York Maritime College in Throggs Neck, New York; and Texas A&M Maritime Academy in Galveston, Texas.

I am here today to talk about three very important issues as they pertain to the training, education, and development of future mariners:

- (1) The importance of the state maritime academies in producing licensed mariners for national defense and economic security;
- (2) The need to replace the fleet of aging SMA training ships that are inextricably linked to our ability to train our students; and
- (3) The importance of employment and advancement opportunities for U.S. mariners.

1) State Maritime Academies Produce 70% of the New Licensed Officers Each Year and Are Important to America's Commercial and National Security.

The six state maritime academies, along with the federal United States Merchant Marine Academy, provide the pool of new mariners our nation needs for national defensive and economic security.

Our national defense is dependent upon civilian mariners who provide logistical support for our operational and deployed forces in both peace and conflict. The Military Sealift Command (MSC) operates a fleet of over 120 ships which provide vital logistical and special mission support for U.S. operational forces across the globe. These vessels are crewed by U.S. civilian mariners serving in the U.S. Merchant Marine. Additionally, U.S. mariners are also required for another 100 ships in the National Defense Reserve Fleet (NDRF) and 60 ships in the national Maritime Security Program (MSP) fleet. These ships are an essential ready source of “surge” shipping, when needed by the Department of Defense (DOD) to support the rapid deployment and global projection of U.S. military forces.

In addition to DOD sealift and logistical requirements, agricultural products, petroleum products, and consumer goods in the U.S. are transported via vessels. Thus, as a maritime nation, the U.S. economy depends on a healthy maritime industry. U.S. licensed mariners operate vessels engaged in international trade, coastal trade, and transportation along inland waterways. They also serve as pilots responsible for the safe navigation of all vessels in U.S. waters. They operate the network of ferries transporting people, trucks, and autos. Eventually, many of our licensed mariners will become executives, managers, and leaders in other sectors of the maritime industry, including port and terminal operations, chartering and brokering, insurance underwriting, admiralty law, and maritime security.

Enrollment in the six state maritime academies’ license programs is near full capacity and currently stands at over 3700 cadets. In addition, nearly 1000 midshipmen are enrolled at the USMMA. Enrollment in the SMAs’ license programs is limited by the capacity of the training ships, berths available for cadets on commercial ships, and shoreside training infrastructure.

As with U.S. Merchant Marine Academy graduates, SMA licensed cadets historically have enjoyed high employment rates upon graduation. Our highly skilled graduates have many opportunities both afloat and ashore in the maritime industry, U.S. Armed Forces, the U.S. transportation eco-system, and energy sectors.

The ability of the SMAs to produce licensed officers is accomplished through a unique federal, state, citizen partnership.

By federal law, the U.S. Department of Transportation (DOT) Maritime Administration (MARAD) is responsible for the education and training of merchant marine officers to ensure national defense readiness and other national security needs. To that end, MARAD fully funds and operates the U.S. Merchant Marine Academy (USMMA), and provides training ships and limited funding to the six SMAs. Funding includes limited direct support and fuel funding, and stipends for cadets in the Strategic Sealift Officer Midshipman program. The State Maritime Academies are grateful to Congress and the Administration for the funding provided to the Maritime

Administration especially as the cost to educate and train cadets and maintain our aging training ships has increased substantially. As the FY-2020 budget process progresses, we look forward to working with Congress to maintain the level of support we received in FY-2019.

For their part, states with maritime academies are responsible for providing all the shore-based infrastructure including academic buildings, dormitories, simulators, laboratories, faculty and staff. While the federal government provides the SMAs training vessels and funds major maintenance and repair of the vessels, the SMAs provide berthing, crewing, and routine maintenance costs, and the cost of operating the ship.

Our students are also partners as they are responsible for paying for tuition, fees, books, materials, and room and board. The average cost of attendance for in-state students at the SMAs is \$ 27,000 per year. At SUNY Maritime College, student tuition and fees represent almost 50% of our operating budget and state funding accounts for over 47%. Federal direct funding and fuel reimbursement account for approximately 3%. Direct funding from MARAD is primarily used to offset training cruises and for unique and expensive equipment such as bridge and engineroom simulators and small vessels, used to meet U.S. Coast Guard Seamanship, Training, Certification, and Watchkeeping (STCW) requirements.

A 2018 study completed for Massachusetts Maritime Academy concluded that based on the assumption that the federal government provides an additional \$300 million to build a new ship to replace their aging training ship, the annualized federal funding (over the 50 year service life of the new ship) received by Massachusetts Maritime Academy would be approximately \$7.7 million, or 11% of the pro forma total sources of funds for the academy. This is reflective of funding for the other State Maritime Academies.

In this unique federal, state, citizen partnership, each partner plays an essential role in the production of licensed mariners at the SMAs.

2) The New Program To Recapitalize The State Maritime Academy Training Ship Fleet is Essential to the Continued World-Class Training of American Mariners.

All maritime academy cadets seeking a U.S. Coast Guard license are required to accumulate at least 360 days of sea time to qualify for a license. Therefore, a fleet of training vessels at the six SMAs is essential for the SMA cadets to meet the sea-time requirements. While the U.S. Merchant Marine Academy utilizes commercial ships for their cadets, there is an insufficient number of commercial vessels upon which all SMA cadets can also obtain the required sea time. Federal law (Title 46 USC 51504) and federal regulations (46 CFR 310.4) specifically authorize the Department of Transportation to provide each SMA with a “suitable ship” under control of the Secretary, and if no such vessel is available, to build and provide such a vessel.

The academy training ships are federal assets that are owned by the U.S. Department of Transportation (DOT) Maritime Administration (MARAD) and operated by the respective SMAs. They are used extensively during training cruises and pier side at each academy. The SMA vessels are the primary – and often the only - means for cadets to learn, train, and earn federally required sea time for a U.S. Coast Guard Merchant Mariner license.

The SMA vessels are also essential federal assets for humanitarian and disaster relief efforts. The federal government has no other vessels in the NDRF with the 400-600 berthing capacity of these ships that can be called upon in times of national need. For example, the training ships for Massachusetts Maritime Academy, SUNY Maritime College, and Texas Maritime Academy housed disaster relief workers for an extended period during the response in fall 2017 to Hurricanes Harvey, Irma, and Maria. They also supported disaster recovery operations during Hurricanes Sandy in 2012, and Katrina in 2005. These vessels have also been used for international humanitarian missions and to support DOD missions. This relieves U.S. Navy ships of missions that would further impact their heavy operational and personnel tempo.

Averaging 37 years of age, the SMA training vessels are approaching the end of their service life. The consequences of losing one of these training ships would significantly decrease the number of graduates produced by the state maritime academies and ripple through the state maritime academies and the entire American maritime industry.

The age of the training ships also hampers the ability of the SMAs to train future licensed mariners on the use of current technology their graduates will experience on modern commercial vessels. While older systems are good for teaching fundamentals, they are not sufficient for ensuring we produce competent mariners who are technologically savvy. Although our modern simulators can compensate for some of this technology gap, simulation alone is not a substitute for actual hands-on experience. The SMAs require modern vessels of sufficient size to provide the required sea time and experience to meet licensing requirements.

Recognizing the urgency of replacing the fleet of aging training ships, Congress has partially funded the National Security Multi-mission Vessel (NSMV) program. The FY-18 budget included \$300M to replace the *TS Empire State VI* at SUNY Maritime College with the first NSMV. This is the first ever U.S. purpose-built ship for cadet training and disaster response. The FY 2019 budget included another \$300 million for a second vessel to replace the *TS Kennedy* at Mass Maritime Academy. The NSMVs are designed as multi-mission assets, to serve in humanitarian aid and disaster relief efforts, as well as SMA training ships. For their part, the state maritime academies are working with their respective university systems and states to fund the outfitting of classrooms, labs, and dedicated training spaces onboard the NSMVs.

The SMAs are extremely appreciative of the bipartisan and bicameral support for the NSMV program and the two ships funded to date.

To meet the training needs of the collective SMAs and have sufficient ships available to support other national tasking and missions, we request Congress continue to fund the NSMV program until three additional ships have been built and delivered. This will ensure adequate capacity for all SMA training requirements, while providing the flexibility to deploy the NSMVs in response to national emergencies. An analysis provided by MARAD also indicates increasing the number of NSMVs constructed will reduce the per hull cost and the annual maintenance and repair costs due to a common hull for all academy vessels. Without a fully funded NSMV program, the SMAs cannot produce the number of capable licensed mariners required for a healthy mariner pool.

3) Our Nation's Security Is Highly Dependent on the Availability of a Pool of Highly Skilled Merchant Mariners.

As others have or will testify today, at previous hearings by this committee, and before other committees, mariners are essential for national defense sealift requirements and our economic security.

Our nation's ability to deploy, project, and sustain forces is dependent on two factors:

- (1) having a sufficiently large oceangoing U.S.-flag fleet operating in foreign and domestic trades, and
- (2) an adequate pool of skilled U.S. citizen merchant mariners to crew each commercial and government-owned reserve sealift vessel while continuing to crew the commercial Jones Act fleet which includes trans-ocean ships, workboats, passenger vessels, and ferries.

There are serious challenges to meeting national defense sealift requirements. Commercial U.S.-flag vessels engaged in international trade, and the Navy's and Maritime Administration's (MARAD's) reserve sealift fleets have declined dramatically, and are under economic and fiscal pressures that are impacting their long-term ability to surge and support our joint forces in a crisis.

While the domestic Jones Act fleet remains strong and provides jobs for our new graduates, the number of non-Jones Act U.S. vessels in international trade has declined by more than 20 percent over the last five years, from 106 to 83. This impacts employment and advancement opportunities for U.S. licensed mariners on U.S. flag vessels engaged in international trade and thereby threatens the availability of mariners available to support surge sealift requirements.

While the SMAs and USMMA currently produce an adequate supply of entry level licensed officers, a working group comprising members from U.S. Transportation Command, the Office of the Secretary of Defense, the Coast Guard, Navy, and MARAD determined that we have a shortfall of 1,800 mariners to crew all U.S.-flag commercial and government reserve sealift vessels during a full mobilization for a sustained period of more than six months.

Full funding and expansion of new programs are needed to reverse the decline of military useful sealift ships and increase the pool of qualified mariners. In addition to full funding of the USMMA and SMAs and recapitalization of the training ships, these include:

- Full funding of the Maritime Security Program through 2025 and new authorization through 2035 to keep ships under the U.S. flag;
- Restoration of U.S. cargo preference laws that require 75 percent of the Food for Peace cargoes be carried on U.S.-flag;
- Requiring a percentage of liquefied natural gas and crude to be exported on U.S. built, U.S. flag ships as called for in the 2018 Energizing American Shipbuilding Act;
- The repeal of current Internal Revenue Code language: to expand U.S. shipping by making the financing of U.S. ship construction less expensive;
- Legislation that supports explicitly U.S.-flag ships must be utilized in the transportation, construction, and maintenance of offshore wind generation farms that will be developed in the coming decades; and,
- Incorporating marine highway corridors, connectors, and state freight systems as part of the “National Freight Strategic Plan” to improve infrastructure and developing American Marine Highway vessels to expand the use of waterways for freight and passengers and provide a more sustainable form of transportation by removing trucks from overcrowded highways.
- Strong support for legislation that strengthens the Jone’s Act and creates U.S. maritime jobs afloat and ashore.

These initiatives will increase the number of U.S.-flag ships, provide sufficient employment and advancement opportunities to recruit and retain sufficient licensed mariners for the commercial fleet and to support national defense sealift requirements.

Summary

In summary, I leave you with three main points:

- (1) The state maritime academies and the U.S. Merchant Marine Academy are essential to producing sufficient mariners. Full funding, at authorized levels, is needed to meet the operational and maintenance requirements and capital improvements at the U.S. Merchant Marine Academy and federal assistance at the six state maritime academies, including for the Student Incentive Program.

(2) Recapitalization of five training ships for the state maritime academies is critical. Two NSMVs were funded in FY-18 and FY-19. However, three more ships will ensure the long-term capacity to train licensed mariners at the SMAs.

(3) Full funding and expansion of current programs and new incentives and legislation are needed to reverse the decline of military useful sealift ships and increase the pool of qualified mariners.

Thank you for the opportunity to testify today on behalf of the Consortium of State Maritime Academies. I look forward to answering any questions you may have.